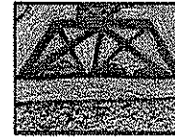




JOHN DEStEFANO, JR.
Mayor

OFFICE OF THE MAYOR

165 CHURCH STREET • NEW HAVEN • CONNECTICUT 06510



*The vision of New Haven's children
is our city's greatest resource.**

**Testimony of John DeStefano Jr.
Mayor
City of New Haven**

**Connecticut General Assembly
Appropriations Committee
Public Hearing
March 2, 2010**

Good morning and thank you for this opportunity.

While the Legislature is in the midst of its budget deliberations, I would report to you that I have finished my budget in New Haven. As requested by charter, I delivered a \$476 million general fund and a \$670 million gross budget, to our Board of Alderman yesterday, March 1.

The operating budget represents a 2.6% increase over the current year and includes a 6.1% increase in new taxes from last year.

Now why would I, in a city that experienced nearly 400 residential foreclosures in 2009- and the filing of over 1,000 Liz Pendens- raise property taxes? And most particularly why do this when job and tax base growth is so important?

Let me explain.

First let me start with our goals. We are pursuing three big goals in New Haven.

The first is school reform.

- To reduce the achievement gap to the state average in 5 years;
- To cut the dropout rate in one half; and
- To see that NHPS graduates are prepared for, and have the resources, to graduate from college.

New Haven is going to do this by:

- Stronger accountability- grading all schools;
- By a focus on talent among teachers and principals; and,
- Through new Haven Promise- a scholarship program that will see that every student who gets good grades and follows the rules get their college tuition paid.

To get this job done we have, among other efforts, entered into an agreement with the AFT that introduces 4 big changes:

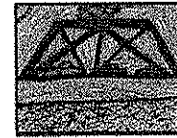
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- First it will enable the district to remove all the adults from low performing schools and change the length of day, length of school year and work rules as determined solely by the Board of Education;
- Second it ties Teacher Evaluation to student achievement and enables termination of poorly performing tenured teachers in one academic year;
- Third, it enables the introduction of merit pay; and ,
- Fourth, it permits the district to bring in outside operators- including Charters- to run city schools.

What better wealth creation or violence reduction strategies might New Haven pursue better than school change?

Our second goal is violence reduction.

In the last 14 months homicides have decreased 44%, there has been successful execution of 477 narcotics investigation, and, 299 firearms taken off city streets. Crime fell 10% in 2009, and in the first 2 months of 2010, shootings have fallen by one third.

And still crime is too high. In 2009 we had 12 homicides. In the first two months of this year we have had 3. In 2009 we had 150 shootings- too, too many.

And so we will fill 35 vacancies in the Police Department's sworn strength, and, invest in two key civilian initiatives in violence reduction:

- The Street Outreach Workers Program that puts real people who have lived the life, in the face of kids who are making bad choices; and
- We will continue to ramp up coordination and support for ex-offenders re-entering the neighborhoods and who account for three quarters of the victims and perpetrators of homicides and shootings.

Would we be doing our job if we did any less?

And our third big goal is job and tax base creation.

In 2009 New Haven experienced:

- Strong taxable grand list growth of 2.8%;
- The lowest office occupancy rate in a generation;
- A 98.3% tax collection rate; and
- 418 New businesses registered in the city.

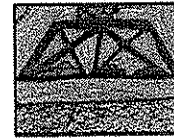
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Our newest and fastest growing employers are life science, financial, and knowledge based companies growing on the research assets of Yale University, its medical school and the clinical capacity of Yale New Haven Hospital.

We would be foolish- in New Haven and in our role as the center of South Central Connecticut- to retreat from any of these gains, to fail to capitalize on these initiatives to grow jobs and wealth and quality of life and competitiveness in New Haven, and in Connecticut.

Nonetheless we need to do more with less. And we have. In the last two years:

- We have cut the workforce through layoffs and position elimination. Education and sworn public safety positions have been held flat- and we now operate with 30% less city side workers than we did a decade ago. One in three filled positions have been eliminated from our budget;
- In 2009 I closed three senior centers;
- Over the last two years we have closed two schools;
- Workers have gone without pay increases and some senior management have taken pay cuts;
- We have cut library hours.

And still this year we had a 2.6% or \$12 million increase in the city budget. And just three items contributed to that increase:

Healthcare, pensions and workers compensation cost. Just those three were the entire increase in our budget. These costs have doubled in the last 10 years.

So despite all the cuts, the increasingly unmanageable cost drivers of healthcare and pensions will cause us to raise taxes- because it would be foolish and a long term disaster for the city to abandon its efforts at:

- School change;
- At public safety; and
- At job and tax base development.

Now we are partners at this effort. And I don't mean we are partners with the public's checkbook:

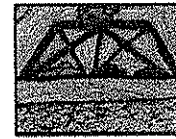
- The fact is that the 20,000 kids in New Haven's Public Schools are central to the competitiveness of the state's future workforce;
- The ability to sustain public safety speaks to the attractiveness and quality of life of the state; and
- As the center of the state's knowledge based economy, New Haven is at the core of any hope that Connecticut has for future job growth.

Connecticut's Economy is not going anywhere without New Haven.



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And Connecticut needs to invest in this economy just as New Haven taxpayers are.

In the last decade:

- The reimbursement rate for PILOT for college and hospitals has fallen from 75% to 47%;
- The reimbursement for PILOT for state owned property has fallen from 79% to 24%;
- The Pequot Mohegan Grant for New Haven has fallen from \$17 million to \$7million;
- Under the Governor's proposal for next year, state grants to New Haven will be cut a net of \$5.5 million from the current year;
- State aid as a percent of our operating revenues has fallen from 55% to 46%; and
- In, turn; property taxes have increased from 39% to 46% of our operating revenue.

I am not here for a handout. We have made tough choices as a city. We have faced hard times, and, we have persevered.

During my 16 years as Mayor, we have produced surpluses every year- excepting only FY 2003- when the state rescinded grants in aid to municipalities 8 months into the fiscal year, as the Governor proposed in the deficit mitigation plan she issued yesterday. We are liquid and we have solid and increasing fund balance.

We in New Haven give back to the state more than we get.

Going forward I would suggest the following:

In the 2010 session, do no damage. Hold municipalities harmless from cuts. In New Haven we are receiving \$6.7 Million less than in FY 2009. Failure to do so will only degrade core investments making recovery all the more delayed. Failure to do so will only result in a shell game of further property tax increases.

For the 2011-2012 Biennium I would suggest the following:

- A comprehensive plan of state development identifying transportation corridors where economic growth is to be concentrated;
- A narrow focus on a robust set of investments in three key areas:
Transportation, education, and healthcare supports for small business;
- An overhaul of the state's business tax code that results in a broad based, low rate value added tax on business net receipts and drastic revision of the crazy quilt of tax credits;
- A reset of the state local tax structure that provides more revenue options for municipalities along with the ability to levy and share these revenues regionally; and
- Revision to public employee laws enabling the implementation of alternative health care and pension supports for new public employees.

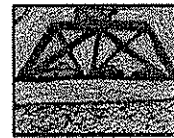
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You all know the definition of insanity- it's doing the same thing over and over again and expecting a different result.

Everyone, everyone in this room sought public office because we wanted to do better for one another.

I am grateful for you service. I am optimistic about our future. And I look forward to working together to secure the best outcomes for all of Connecticut's families.

Thank you.

